

REQUEST FOR COUNCIL ACTION

MEETING

DATE: 4/5/10

AGENDA SECTION: CONSENT AGENDA	ORIGINATING DEPT: CITY ADMINISTRATOR	ITEM NO. D-35
ITEM DESCRIPTION: GH Holdings Development Agreement, Consent To Assignment and Recognition Agreement		PREPARED BY: T. SPAETH <i>TS</i>

GH Holdings, LLC. has a downtown mixed use redevelopment project proposed. In July, 2007 the City created a TIF District upon the project area, and also entered into a Development Agreement with GH Holdings. The Development Agreement provides for "pay as you go" TIF financing, backed by a Promissory Note from the City to GH Holdings. The project lender (TCF National Bank) has requested a TIF Bond Pledge Agreement between TCF and GH Holdings, whereby the TIF Bond is assigned to the lender for security interest on the construction loan.

A separate three party agreement between the City, GH Holdings and TCF National Bank, labeled Development Agreement, Consent To Assignment and Recognition Agreement is being requested, wherein the City acknowledges the security interest of the lender, and the City shall provide notice to the lender of any Event of Default of the terms of the Development Agreement by the developer, and the City will agree not to terminate the Development Agreement in an Event of Default if all Events of Default capable of being cured are cured by the Lender and the Lender is proceeding with due diligence to take possession of the Project.

The City's Bond Attorney has reviewed the Agreements and is comfortable with the terms.

COUNCIL ACTION REQUESTED:

Council authorization for Mayor and City Clerk to execute the Development Agreement, Consent To Assignment and Recognition Agreement between the City of Rochester, GH Holdings, LLC. and TCF National Bank on behalf of the City.

COUNCIL ACTION: Motion by: _____ Second by: _____ to: _____